

**AUDITING PROCEDURES REPORT**

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Mancelona	County Antrim
Audit Date 2-29-04	Opinion Date 4-1-04	Date Accountant Report Submitted to State: 7-26-04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). \* See attached "Deficit Reduction Plan"
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR).			X

Certified Public Accountant (Firm Name) Keskine, Cook, Miller, Smith & Alexander LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49734
Accountant Signature 			

**VILLAGE OF MANCELONA**

**ANTRIM COUNTY, MICHIGAN**

**AUDITED FINANCIAL STATEMENTS**

**FEBRUARY 29, 2004**

**VILLAGE OFFICIALS**

PRESIDENT	YUSEF M. JABARA
PRESIDENT PRO-TEM	JANE MACDONALD
CLERK	DANA SUDMAN
TREASURER	JOAN SHANAHAN
POLICE CHIEF	WILLIAM ROBBINS

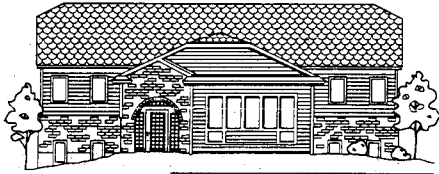
**COUNCIL MEMBERS**

GERALD PATRICK  
ELMER GRODY  
DAVID TUCKER  
JUDY ESCHEDOR  
FRANK MOSER

**VILLAGE OF MANCERONA**

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Keskin, Cook, Miller, Smith & Alexander LLP  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

April 1, 2004

To the Village Council  
Village of Mancelona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mancelona, Antrim County, Michigan as of and for the year ended February 29, 2004, which collectively comprise the Village's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mancelona, Antrim County, Michigan as of February 29, 2004, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", as of February 29, 2004.

The management's discussion and analysis on pages 3-5 and budgetary comparison information on pages 25-30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Keskine, Cook, Miller, Smith & Alexander, LLP*

Keskine, Cook, Miller, Smith & Alexander, LLP

**VILLAGE OF MANCELONA  
120 W. STATE STREET  
MANCELONA, MI 49659**

**VILLAGE OF MANCELONA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
YEAR ENDED FEBRUARY 29, 2004**

This section of the Village of Mancelona's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended February 29, 2004. Please read it in conjunction with the financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

Village assets at February 29, 2004, as reported in the Statement of Net Assets, totaled approximately \$1,840,000 for governmental activities and \$86,000 for our component unit (the Mancelona Downtown Development Authority). Of the total Village assets, approximately \$996,000 represents capital assets net of depreciation.

Overall revenues were approximately \$664,000 (\$174,000 from program revenues and \$490,000 from general revenues). Overall expenses approximated \$765,000.

The Village did not incur any new debt instruments during the year. We spent approximately \$62,000 in capital assets. Long-term debt and capital asset activity is addressed further in a subsequent section of this letter.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts, management's discussion & analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Village.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities and the Village's component unit.

The remaining statements are fund financial statements, which focus on individual parts of the Village in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Village as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the entity's assets and liabilities. The Statement of Activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Village's assets and liabilities; this is one method to measure the Village's financial health or position.

Over time, increases/decreases in an entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of an entity, you may also have to consider additional factors such as tax base changes, facility conditions, and personnel changes.

All of the activities of the Village are reported as governmental activities. These would include the general fund, major streets, and local streets.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Village's funds, focusing on significant (major) funds, not the Village as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Village Council also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Village has the following types of funds:

**Governmental Funds:** All of the Village's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Village's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

**Net Assets:** The Village's combined net assets decreased approximately \$100,000 during the year ended February 29, 2004 totaling \$1,150,601.

The decrease is mainly due to significant expenditures incurred for road construction in the major street fund.

**Governmental Funds:** The fund balances for governmental funds decreased approximately \$170,000, due largely to major street construction expenditures, as noted above. Other significant expenditures include new signs purchased with grant monies and sidewalk improvements.



## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

**General Fund:** This fund is used to record all activities of the Village not required to be recorded in a separate fund. This would include parks, zoning, building and grounds, legislative, administrative, elections, and police activities. The major source of revenue for the general fund is from the Village tax base and the revenue sharing from the State of Michigan. The major expenses for this fiscal year include the general operating activities of the Village.

**Major Streets:** This fund is used to record revenues and expenses for major (state-owned) streets located within the Village. The major source of revenue comes from the State of Michigan in the form of transportation taxes and grants for snow removal. The major expense for this fund is equipment rental for snow removal and street repair, along with significant construction expenditures incurred this year.

**Local Streets:** This fund is used to record revenues and expenses for local (Village-owned) streets. Local street revenue comes from property taxes and from the state in the form of grants for snow removal and from gas and weight taxes.

## CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

### Capital Assets:

Additions to Village assets for this year include sidewalk improvements that have been capitalized as infrastructure in the amount of \$19,000 and signs throughout the Village in the amount of \$43,000, paid for with grant monies received through a Community Development Block Grant.

### Long Term Debt:


- ♦ Major Streets Debt: The Village paid \$10,000 in bond principal payments for the fiscal year and \$14,236 of interest.
- ♦ Capital Lease: The Village paid \$20,000 in capital lease payments, for which the Village was fully reimbursed by the Downtown Development Authority.

## KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The major street fund had a fund balance deficit of (\$132,411). A deficit reduction plan will be implemented over the next two years.

## CONTACTING VILLAGE MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Village's finances and to demonstrate the Village's accountability for the revenues it receives. If you have any questions concerning this report please contact Dana Sudman, Village Clerk or Yousef Jabara, Village President at 120 West State Street, Mancelona, MI 49659.



Yousef Jabara, Village President

**VILLAGE OF MANCERLONA  
STATEMENT OF NET ASSETS  
FEBRUARY 29, 2004**

	<b>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</b>	<b>COMPONENT UNIT DOWNTOWN DEVELOPMENT AUTHORITY</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 410,181	\$ 49,752
Investments	202,000	-
Restricted Assets	27,146	-
Receivables:		
Delinquent Property Taxes - Current	37,975	-
Due from DDA - Capital Lease	20,000	-
Due from Other Governments	38,969	15,015
Due from Primary Government	-	21,408
Other	3,761	-
Total Current Assets	740,032	86,175
<b>Non-Current Assets:</b>		
Delinquent Property Taxes - Non-Current	11,991	-
Due from DDA - Capital Lease - Non-Current	90,000	-
Capital Assets, Net	995,727	-
Total Non-Current Assets	1,097,718	-
Total Assets	1,837,750	86,175
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable:		
Due to DDA - Property Taxes	21,408	-
Accrued Liabilities	1,899	-
Other	240,000	-
Accrued Interest	2,000	-
Deferred Revenue	4,842	-
Current Portion of Long-Term Debt	35,000	20,000
Total Current Liabilities	305,149	20,000
<b>Long-Term Debt:</b>		
General Obligation Bonds	250,000	-
Capital Lease	90,000	-
Due to Primary Government - Capital Lease	-	90,000
Compensated Absences	42,000	-
Total Long-Term Debt	382,000	90,000
Total Liabilities	687,149	110,000
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	620,727	-
Restricted for:		
Streets and Highways	66,348	-
Debt Service	27,146	-
Fish Pond	2,100	-
Unrestricted	434,280	(23,825)
Total Net Assets	\$ 1,150,601	\$ (23,825)

See accompanying notes to financial statements.

**VILLAGE OF MANCERLONA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED FEBRUARY 29, 2004**

		P R O G R A M R E V E N U E S			NET EXPENSE (REVENUES) AND CHANGES IN FUND BALANCE	
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRI- BUTIONS	CAPITAL GRANTS & CONTRI- BUTIONS	PRIMARY GOVERNMENT	COMPONENT UNIT
<b>GOVERNMENTAL ACTIVITIES</b>	Village Administration	\$ (102,345)	\$ -	\$ -	\$ (102,345)	\$ -
	Elections	(1,756)	-	-	(1,756)	-
	Village Hall and Grounds	(63,791)	-	-	(63,791)	-
	Streets and Highways	(319,227)	-	111,281	(207,946)	-
	Parks and Recreation	(72,674)	1,421	2,100	(28,352)	-
	Law Enforcement	(185,418)	16,527	1,431	(167,460)	-
	Zoning	(500)	200	-	(300)	-
	Interest on Long-Term Debt	(14,236)	-	-	(14,236)	-
	Unallocated Depreciation	(4,572)	-	-	(4,572)	-
	Downtown Development Authority	-	-	-	-	(11,593)
	Total Governmental Activities	(764,519)	18,148	114,812	(590,758)	(11,593)
	<b>GENERAL REVENUES</b>					
	Property Taxes, Levied for:					
	General Operations				243,136	-
	Local Streets				56,594	-
	Downtown Development Authority				-	36,423
	State Shared - Not Restricted to Specific Purpose				164,355	-
	Franchise Fees				12,286	-
	Interest Earnings				5,539	759
	Other				8,484	-
	Total General Revenues				490,394	37,182
<b>CHANGE IN NET ASSETS</b>					(100,364)	25,589
<b>NET ASSETS - MARCH 1</b>					1,250,965	(49,414)
<b>NET ASSETS - FEBRUARY 29</b>					\$ 1,150,601	\$ (23,825)

See accompanying notes to financial statements.

**VILLAGE OF MANCERLONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FEBRUARY 29, 2004**

**MAJOR FUNDS**

	<b>GENERAL</b>	<b>MAJOR STREET</b>	<b>LOCAL STREET</b>	<b>TOTAL</b>
<b>ASSETS</b>				
Cash	\$ 207,784	\$ 99,878	\$ 102,519	\$ 410,181
Certificates of Deposit	75,000	-	127,000	202,000
Receivables:				
Delinquent Taxes	43,009	-	6,957	49,966
Accounts	33,087	5,882	3,761	42,730
Due From Other Funds	62,525	-	-	62,525
Restricted Assets	-	27,146	-	27,146
Total Assets	421,405	132,906	240,237	794,548
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable	1,899	240,000	-	241,899
Due To Other Funds	-	25,317	37,208	62,525
Due to the DDA	17,138	-	4,270	21,408
Deferred Revenue	19,938	-	-	19,938
Total Liabilities	38,975	265,317	41,478	345,770
<b>Fund Equity:</b>				
Fund Balance:				
Reserved for:				
Streets and Highways	-	(159,557)	198,759	39,202
Debt Service	-	27,146	-	27,146
Fish Pond	2,100	-	-	2,100
Undesignated, Unreserved	380,330	-	-	380,330
Total Fund Equity	382,430	(132,411)	198,759	448,778
Total Liabilities and Fund Equity	\$ 421,405	\$ 132,906	\$ 240,237	\$ 794,548

See accompanying notes to the financial statements.

**VILLAGE OF MANCERLONA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FEBRUARY 29, 2004**

<b>TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET PAGE 8)</b>	<b>\$</b>	<b>448,778</b>
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Amounts reported for governmental activities in the Statement of Net  
Assets (page 6) are different because:

Capital assets used in governmental activities are not financial resources and therefore not used in the funds		995,727
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds		(419,000)
Long-term notes receivable that are not collected in the current period and are not considered to be available are not recorded in the funds		125,096

<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF NET ASSETS - PAGE 6)</b>	<b>\$</b>	<b>1,150,601</b>
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See accompanying notes to financial statements.

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED FEBRUARY 29, 2004**

**MAJOR FUNDS**

	<b>GENERAL</b>	<b>MAJOR STREET</b>	<b>LOCAL STREET</b>	<b>TOTAL</b>
<b>REVENUES</b>				
Taxes and Assessments	\$ 228,039	\$ -	\$ 56,594	\$ 284,633
State Shared Revenues	164,355	73,473	37,808	275,636
Federal CDBG Grant	35,643	-	-	35,643
Local Match - CDBG	5,158	-	-	5,158
Charges for Services	3,621	-	-	3,621
Police	17,958	-	-	17,958
Motor Pool	51,147	-	-	51,147
Equipment Rental/Admin.	37,642	-	-	37,642
Other	24,398	447	1,565	26,410
Total Revenues	567,961	73,920	95,967	737,848
<b>EXPENDITURES</b>				
General Government	201,449	-	-	201,449
Public Safety:				
Police	181,750	-	-	181,750
Highways and Streets	-	335,027	95,173	430,200
Motor Pool	73,298	-	-	73,298
CDBG Grant Capital Outlay	40,800	-	-	40,800
Total Expenditures	497,297	335,027	95,173	927,497
Excess (Deficiency) of Revenues Over Expenditures	70,664	(261,107)	794	(189,649)
<b>OTHER FINANCING SOURCES</b>				
Transfer from Downtown Development Authority	-	20,000	-	20,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	70,664	(241,107)	794	(169,649)
Fund Balance - March 1	311,766	108,696	197,965	618,427
Fund Balance - February 29	\$ 382,430	\$ (132,411)	\$ 198,759	\$ 448,778

See accompanying notes to the financial statements.

**VILLAGE OF MANCERLONA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES  
YEAR ENDED FEBRUARY 29, 2004**

**NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS PAGE**

10

\$ (169,649)

Amounts reported for governmental activities in the Statement of  
Activities (page 7) are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated  
over their estimated useful lives

61,922

Depreciation expense is reported in the Statement of Activities but not  
the governmental fund financial statements

(17,733)

Governmental funds do not report long-term debt; therefore, debt  
service payments are recorded as an expenditure. However, in  
the government-wide financial statements, long-term debt is  
recorded and debt service payments are applied against the  
outstanding balances

30,000

Governmental funds report receipts on long-term receivables as  
revenues in the current period. However, in the government-wide  
statements, the receipt is applied against the outstanding  
receivable balance

(20,000)

Governmental funds do not record revenue if it is not available  
(collected within 60 days after year end); however, the  
government-wide statements record revenue when earned,  
regardless of when it is collected

15,096

**CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES - PER  
STATEMENT OF ACTIVITIES (PAGE 7)**

\$ (100,364)

See accompanying notes to financial statements.

**VILLAGE OF MANCELONA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED FEBRUARY 29, 2004**

**NOTE A: ENTITY**

The Village of Mancelona is a General Law Village of the State of Michigan organized in 1879, located in Antrim County, Michigan. It was incorporated under Act 3 of 1895. The criteria for determining the various governmental functions to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of the Village of Mancelona.

**DOWNTOWN DEVELOPMENT AUTHORITY**

The Village passed Ordinance 74, effective July 27, 1994, creating the Downtown Development Authority (DDA) of the Village of Mancelona. The Authority is a component unit of the Village. The Village Council has the power to dissolve the Authority at will. The Authority may not impose taxes nor obligate the Village in any manner without approval of the Village Council. The activities of the Authority are presented as a discrete component unit of the Village of Mancelona in these financial statements. The DDA is audited under a separate cover, and those financial statements are available for review at the Village offices.

**MANCELONA FIRE DISTRICT**

This report does not include the financial activity of the Mancelona Fire District. The Mancelona Fire District is part of the Township of Mancelona.

**MANCELONA AREA WATER AND SEWER AUTHORITY**

The Mancelona Area Water and Sewer Authority was established in 2000 as a joint venture by the Village of Mancelona, the Township of Mancelona, and the Township of Custer. The Authority was established to most effectively meet the water and sewer needs of the Mancelona area. The financial statements of the Authority are audited under separate cover and are not included in this report.



**VILLAGE OF MANCILONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of the Village of Mancelona are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Village's financial activities.

The accounting policies of the Village of Mancelona conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On March 1, 2003, the Village of Mancelona adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Village's financial statements has shifted from a fund focus to a government-wide focus.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT  
PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the Village as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. At this time, the Village has no business-type activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

**VILLAGE OF MANCERONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT  
PRESENTATION (CONTINUED)**

***Government-Wide Financial Statements (Continued)***

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included as program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The Village does not maintain any non-major funds.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**FUND TYPES AND MAJOR FUNDS**

***Governmental Funds***

The Village reports the following major governmental funds:

*General Fund* - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

*Major Street Fund* - This fund is used to account for all financial transactions related to the Village's "major" (state-owned) streets. Revenues are derived primarily from state grants.

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND TYPES AND MAJOR FUNDS (CONTINUED)**

*Local Street Fund* – This fund is used to account for all financial transactions related to the Village's local streets. Revenues are derived primarily from property taxes and state grants.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**Government-Wide Financial Statements**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**Governmental Fund Financial Statements**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

**VILLAGE OF MANCERLONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

***Governmental Fund Financial Statements (Continued)***

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 15 with the final collection date of February 29 before they are added to the county delinquent tax rolls. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Village records property tax revenue on the lien date, when it becomes an enforceable legal claim for the Village. Accordingly, taxes levied on July 1, 2003 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective funds.

Property taxes were levied as follows for the year ended February 29, 2004:

General	12.0416 mills
Local Street	4.8140 mills

The taxable value of the Village for the 2003 tax year totaled \$20,581,345.

**CAPITAL ASSETS AND DEPRECIATION**

The Villages property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Village maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Village generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur.

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50 – 75
Improvements, other than buildings	10 – 20
Machinery and equipment	5 – 10
Vehicles	5 – 10
Infrastructure	20 – 40

For information describing capital assets, see Note F.

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS**

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**USE OF ESTIMATES**

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as much, include amounts based on informed estimates and judgements of management with consideration given to materiality. Actual results could differ from those estimates.

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BUDGETS**

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Village for these budgetary funds were adopted on a fund level, using the modified accrual basis of accounting. Amendments are made to the budget when determined to be necessary throughout the year. The budget is presented as originally adopted and as amended. There are no carryover budget items. The Village's major street fund overspent its budget by \$276,277 for the year ended February 29, 2004.

**NOTE C: CASH AND CASH EQUIVALENTS**

At year end, the carrying amount of the Village's bank deposits including certificates of deposit was \$612,181, plus \$27,146 of restricted cash (see Note J). The bank balance was \$656,556. Of the bank balance, \$200,000, was covered by federal depository insurance and \$456,556 was uninsured. The uninsured deposits are held by the bank in the Village's name with no collateral.

Statutory Authority

Act 217, PA 1982, authorizes the Village to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be the depository of surplus money belonging to the state under section 5 or 6 of Act 105, PA 1855, as amended
- (c) commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States Government or Federal Agency obligation repurchase agreements
- (e) banker's acceptance of United States banks
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan

The Village's cash deposits and investments are in accordance with statutory authority.

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE D: RECEIVABLES**

The Village's receivables as of February 29, 2004 are as follows:

Fund financial statements:

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>
Delinquent Taxes	\$ 43,009	\$ -	\$ 6,957
State Shared Revenue	27,502	5,882	3,761
Other	5,585	-	-
Total	<u>\$ 76,096</u>	<u>\$ 5,882</u>	<u>\$ 10,718</u>

An additional receivable has been recorded in the government-wide financial statements to reflect the amount to be received from the DDA over the life of the capital lease (described in Note H) in the amount of \$110,000, of which \$20,000 is current.

Management considers all receivables to be fully collectible.

**NOTE E: DUE FROM/TO OTHER FUNDS**

The amounts of interfund receivables and payable are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	<u>\$ 62,525</u>	Major Street	\$ 25,317
		Local Street	37,208
			<u>\$ 62,525</u>

Interfund receivables are short-term in nature and no interest is charged on the above amounts. Above amounts are the result of fringe benefit allocations and other activity.

GASB 34 requires that all interfund receivables and payables are eliminated within each activity type for purposes of the government-wide financial statements.

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE F: CAPITAL ASSETS**

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>	<u>CAPITAL ASSETS DEPRECIATED</u>				
	Land & Improv.	Buildings	Vehicles	Machinery & Equipment	Infra- Structure	Totals
<b>Governmental Activities</b>						
Balance, March 1, 2003	\$ 370,800	\$ 393,933	\$ 63,634	\$ 188,223	\$ -	\$ 1,016,590
Increases	-	-	-	-	61,922	61,922
Decreases	-	-	-	-	-	-
Balance, February 29, 2004	<u>370,800</u>	<u>393,933</u>	<u>63,634</u>	<u>188,223</u>	<u>61,922</u>	<u>1,078,512</u>
<b>Governmental Activities</b>						
<b>Accumulated Depreciation</b>						
Balance, March 1, 2003	-	61,340	-	3,712	-	\$ 65,052
Increases	-	5,252	3,862	8,619	-	17,733
Decreases	-	-	-	-	-	-
Balance, February 29, 2004	<u>-</u>	<u>66,592</u>	<u>3,862</u>	<u>12,331</u>	<u>-</u>	<u>82,785</u>
<b>Governmental Activities</b>						
Capital Assets, Net	<u>\$ 370,800</u>	<u>\$ 327,341</u>	<u>\$ 59,772</u>	<u>\$ 175,892</u>	<u>\$ 61,922</u>	<u>\$ 995,727</u>

Depreciation expense was charged to functions of the Village as follows:

Village Administration	\$ 929
Street & Sidewalks	3,819
Parks	1,910
Law Enforcement	3,668
Buildings and Grounds	2,835
Unallocated	4,572
Total	<u>\$ 17,733</u>

**NOTE G: DEFERRED REVENUE**

The Village has deferred income in the amount of \$4,842 related to unspent grant monies.

The fund financial statements have an additional deferral of \$15,096 in delinquent property tax dollars that were not collected within 60 days after year-end and are consequently considered "unavailable".



**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE H: LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended February 29, 2004:

<u>Description and Purpose</u>	<u>Balance March 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance February 29 2004</u>	<u>Due Within 1Year</u>
Governmental Activities					
1995 MTF Bond	\$ 40,000	\$ -	\$ 10,000	\$ 30,000	\$ 15,000
2002 MTF Bond	235,000	-	-	235,000	-
Capital Lease	130,000	-	20,000	110,000	20,000
Total	<u>\$ 405,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 375,000</u>	<u>\$ 35,000</u>

**The 1995 Michigan Transportation Fund Bond** is a bond due in annual installments from \$5,000 to \$15,000 payable on June 1, of each year beginning in 1996. Interest is due semi-annually on June 1, and December 1. Final payment is due June 1, 2005. The money was borrowed for the purpose of paying the cost of constructing street lighting in the Village. This obligation is serviced by the Major Street Fund.

**The 2002 Michigan Transportation Fund Bond** is a bond due in annual installments from \$15,000 to \$30,000 payable on June 1, of each year beginning 2006. Interest is due semi-annually on June 1, and December 1, beginning in 2003. Final payment is due June 1, 2018. The money was borrowed for the purpose of paying construction costs of East State Street. This obligation is serviced by the Major Street Fund.

**The capital lease** obligation is due in semi-annual installments of \$10,000 beginning July 1, 2003 through July 1, 2009. An initial down payment of \$24,674 was made on January 20, 2003. The capital lease was entered in order to finance the street lighting project on East State Street.

The Mancelona Downtown Development Authority has agreed to service this capital lease obligation; however, the lease is in the name of the Village and therefore included in these financial statements.

The annual principal requirements, to amortize the bonds payable and lease payments as of February 29, 2004, are as follows:

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE H: LONG-TERM DEBT (CONTINUED)**

	<b>1995</b>	<b>2002</b>	
	<b>MTF</b>	<b>MTF</b>	<b>CAPITAL</b>
	<b>BOND</b>	<b>BOND</b>	<b>LEASE</b>
2005	15,000	-	20,000
2006	15,000	-	20,000
2007	-	15,000	20,000
2008	-	15,000	20,000
2009	-	15,000	20,000
2010-2014	-	85,000	10,000
2015-2018	-	105,000	-
	<u>\$ 30,000</u>	<u>\$235,000</u>	<u>\$110,000</u>

**COMPENSATED ABSENCES**

All employees (non-elected officials) may accumulate compensated absences (sick, vacation and personal days) in accordance with the employment policies of the Village. Upon termination, employees are either paid one-half their individual accumulated amount or the full amount, depending on the details of each employment contract. At February 29, 2004, the Village was liable for \$42,000 of compensated absences.

**NOTE I: FUND BALANCE AND NET ASSETS**

**RESERVED FUND BALANCE/RESTRICTED NET ASSETS**

The Village sold bonds in order to improve East State Street. The cash proceeds remaining from the bond sale at February 29, 2004 was \$27,146 – and is disclosed as a **restricted asset**.

The reserved fund balance/restricted net assets related to streets and highways include the ending fund balances of the local and major street funds, which totals \$66,348.

The Village also has a reservation/restriction in the amount of \$2,100 related to a donation where the donor has restricted the use of the monies to be spent on the Village's fish pond.

**CALCULATION OF BEGINNING NET ASSETS**

The Village adopted GASB Statement No. 34 (see Note B) effective March 1, 2003. The following represents a reconciliation of the Village's fund balance as of March 1, 2003, to its beginning net assets balance, as presented in the Statement of Activities.

**VILLAGE OF MANCERLONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2004**

**NOTE I: FUND BALANCE AND NET ASSETS (CONTINUED)**

**CALCULATION OF BEGINNING NET ASSETS (CONTINUED)**

Total Fund Balance, March 1, 2003	\$ 618,427
Record capital assets, net of accumulated deprec.	951,538
Record compensated absences	(42,000)
Record long-term debt	(407,000)
Record additional receivables	<u>130,000</u>
Beginning Net Assets, January 1, 2003	<u>\$1,250,965</u>

**NEGATIVE FUND BALANCE**

At year-end, the major street fund had a negative fund balance in the amount of (\$132,411).

**NOTE J: INTRA/INTER-FUND REVENUE AND EXPENSE**

Following is a summary of all equipment rental and administration charges between and within funds (all general fund revenues):

Local Street           \$ 26,934

Major Street           \$ 24,213

Motor Pool Equip		Building & Grounds	
Rental & Admin.	<u>\$ 51,147</u>	and Parks	<u>\$ 37,642</u>

The Local and Major Street Funds incur the above stated expenditures and pay the General Fund accordingly. The Building and Grounds and Parks incur equipment rental expenses, while a matching revenue is recorded, however no payments are made for this **intra-fund** activity.

All inter/intra fund activity has been eliminated in the government-wide financial statements.

**NOTE K: PENSION**

The Village of Mancelona has a defined contribution pension plan covering substantially all of its (non-elected) employees. Employees are fully vested in the seventh year of employment. A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE K: PENSION (CONTINUED)**

Under the Village's defined contribution pension plan, the benefits a participant will receive depends on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan is maintained with the Principal Mutual Life Insurance Co. The total pension expense for the year approximated \$16,000, which meets the contribution requirements of the Village. The Village contributes 7% of eligible employee wages which was approximately \$230,000 for the period. The policy provides for group retirement annuities and contributions to be used for the purchase of annuity benefits, so there are no separate plan assets.

**NOTE L: INSURANCE COVERAGES**

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Village participates in the Michigan Township Participating Plan, a self-insured group. The pool is considered a public entity risk pool. The Village pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expense for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Village has not been informed of any special assessments being required.

There were no significant changes in coverage, nor were there any significant claims for the year. The Village carries commercial insurance for other types of losses, including employee health and accident insurance.

The Village has the following coverages.

	<u>COVERAGES</u>
Property	\$ 700,000
Liability	5,000,000/7,000,000
Errors & Omissions	5,000,000/6,000,000
Law Enforcement	5,000,000/6,000,000
Automobile	5,000,000
Crime	10,000
Inland Marine	421,000
Boiler	250,000
Bond	10,000
Workers' Comp.	Statutory

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED FEBRUARY 29, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>REVENUES</b>				
Taxes and Assessments	\$ 230,000	\$ 230,000	\$ 228,039	\$ (1,961)
State Shared Revenues	165,000	165,000	164,355	(645)
Federal CDBG Grant	-	-	35,643	35,643
Local Match - CDBG Grant	-	-	5,158	5,158
Charges for Services	1,350	1,350	3,621	2,271
Reimbursement - MAWSA	20,000	20,000	-	(20,000)
Sub-Total	416,350	416,350	436,816	20,466
<b>Police:</b>				
Liquor Licenses	1,400	1,400	1,431	31
Fines and Accident Reports	15,000	15,000	13,611	(1,389)
Miscellaneous	2,400	2,400	2,916	516
Total Police	18,800	18,800	17,958	(842)
<b>Motor Pool:</b>				
Equipment Rental and Administration	32,000	32,000	51,147	19,147
<b>Equipment Rental/Admin.:</b>				
Buildings and Grounds	20,000	20,000	37,642	17,642
<b>Other:</b>				
Interest Income	4,000	4,000	3,527	(473)
Franchise Fee - Cable Co.	-	-	12,286	12,286
Miscellaneous	12,000	12,000	8,585	(3,415)
Total Other	16,000	16,000	24,398	8,398
Total Revenues	503,150	\$ 503,150	\$ 567,961	64,811

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
<b>Village Council:</b>				
Wages	\$ 16,000	\$ 16,000	\$ 12,530	\$ 3,470
Fringe Benefits	1,000	1,000	924	76
Audit and Legal	11,500	11,505	9,155	2,350
Printing	2,500	2,500	2,262	238
Insurance	20,000	20,000	18,409	1,591
Miscellaneous	20,500	26,000	8,474	17,526
Capital Outlay	1,000	1,000	-	1,000
Total Village Council	72,500	78,005	51,754	26,251
<b>Village Clerk:</b>				
Wages	23,500	23,500	24,711	(1,211)
Fringe Benefits	7,650	7,650	10,792	(3,142)
Office Supplies	2,000	2,000	1,963	37
Communications	1,600	1,600	1,439	161
Capital Outlay	250	250	-	250
Total Village Clerk	35,000	35,000	38,905	(3,905)
<b>Village Treasurer:</b>				
Wages	8,200	8,200	9,091	(891)
Fringe Benefits	1,500	1,500	983	517
Office Supplies	200	250	261	(11)
Tax Roll	1,250	1,250	922	328
Total Village Treasurer	11,150	11,200	11,257	(57)
<b>Election:</b>				
Wages/Fringe Benefits	800	800	513	287
Supplies	1,200	1,243	1,243	-
Total Election	2,000	2,043	1,756	287
<b>Public Relations:</b>				
Decorations	1,000	1,000	498	502
Total Public Relations	1,000	1,000	498	502

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
<b>GENERAL GOVERNMENT (CONTINUED):</b>				
<b>Buildings and Grounds:</b>				
Wages	17,100	18,950	15,722	3,228
Fringe Benefits	6,000	6,000	7,632	(1,632)
Operating Supplies	4,000	4,000	3,671	329
Building Supplies	2,000	2,000	594	1,406
Utilities	8,000	8,000	6,012	1,988
Tree Removal and Trimming	2,000	2,000	785	1,215
Equipment Rental	14,000	14,000	25,148	(11,148)
Contractual Services	6,000	6,000	5,380	620
Capital Outlay	-	139	139	-
Total Buildings and Grounds	<u>59,100</u>	<u>61,089</u>	<u>65,083</u>	<u>(3,994)</u>
<b>Parks and Recreation:</b>				
Wages	12,400	12,400	9,093	3,307
Fringe Benefits	6,000	6,000	4,414	1,586
Supplies	3,500	3,500	263	3,237
Utilities	2,000	2,500	3,006	(506)
Equipment Rental	5,000	5,000	12,494	(7,494)
Capital Outlay	2,500	2,500	462	2,038
Contractual Services	1,500	2,400	2,464	(64)
Total Parks and Recreation	<u>32,900</u>	<u>34,300</u>	<u>32,196</u>	<u>2,104</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>213,650</u>	<u>222,637</u>	<u>201,449</u>	<u>21,188</u>
<b>PUBLIC SAFETY:</b>				
<b>Police:</b>				
Wages	110,000	110,000	112,694	(2,694)
Fringe Benefits	55,000	55,000	54,669	331
Supplies / Substance Abuse	5,200	5,200	4,012	1,188
Communications	1,500	1,500	1,277	223
Gas and Oil	4,500	4,500	2,624	1,876
Repair and Maintenance	-	149	149	-
Training	500	720	720	-
Capital Outlay	4,000	4,000	1,398	2,602
Miscellaneous	10,000	10,071	4,207	5,864
Total Police	<u>190,700</u>	<u>191,140</u>	<u>181,750</u>	<u>9,390</u>

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>MOTOR POOL:</b>				
Wages	34,100	41,100	19,785	21,315
Fringe Benefits	9,500	10,000	13,836	(3,836)
Operating Supplies	8,500	9,700	9,641	59
Gas and Oil	5,000	5,000	5,066	(66)
Equipment Maintenance	6,000	14,000	13,728	272
Communications	700	700	391	309
Utilities	3,200	3,500	3,993	(493)
Capital Outlay	10,000	10,000	2,532	7,468
Miscellaneous	10,000	10,176	4,326	5,850
<b>TOTAL MOTOR POOL</b>	<b>87,000</b>	<b>104,176</b>	<b>73,298</b>	<b>30,878</b>
<b>ZONING STUDY</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>
<b>FEDERAL GRANT:</b>				
CDBG Grant Expenses	-	-	40,800	(40,800)
<b>TOTAL FEDERAL GRANT</b>	<b>-</b>	<b>-</b>	<b>40,800</b>	<b>(40,800)</b>
Total Expenditures	492,350	518,953	497,297	21,656
Excess (Deficiency) of Revenues over Expenditures	1,800	(24,803)	70,664	95,467
Fund Balance - March 1	311,766	311,766	311,766	-
Fund Balance - February 29	\$ 313,566	\$ 286,963	\$ 382,430	\$ 95,467



**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - MAJOR STREET FUND**  
**YEAR ENDED FEBRUARY 29, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>REVENUES</b>				
State Grants	67,700	67,700	73,473	5,773
Interest and Other	2,664	2,664	447	(2,217)
Total Revenues	70,364	70,364	73,920	3,556
<b>EXPENDITURES</b>				
Construction	-	-	254,183	(254,183)
Contractual Services	2,000	2,000	80	1,920
Traffic Signals	2,000	2,000	1,589	411
<b>Routine Maintenance:</b>				
Wages	9,650	9,650	4,826	4,824
Fringes	6,000	6,000	4,105	1,895
Supplies, Equipment Rental, Other	5,000	5,000	5,694	(694)
<b>Winter Maintenance:</b>				
Wages	9,800	9,800	9,107	693
Supplies, Equipment Rental, Other	7,500	7,500	10,439	(2,939)
<b>M-88 Maintenance:</b>				
Wages	1,300	1,300	768	532
Contractual Services	2,500	2,500	-	2,500
<b>Debt Service:</b>				
Principal and Interest Payments	13,000	13,000	44,236	(31,236)
Total Expenditures	58,750	58,750	335,027	(276,277)
Excess (Deficiency) of Revenues over Expenditures	11,614	11,614	(261,107)	(272,721)
<b>OTHER FINANCING SOURCES</b>				
Transfer in from DDA	-	-	20,000	20,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures	11,614	11,614	(241,107)	(252,721)
Fund Balance - March 1	108,696	108,696	108,696	-
Fund Balance - February 29	\$ 120,310	\$ 120,310	\$ (132,411)	\$ (252,721)

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - LOCAL STREET FUND**  
**YEAR ENDED FEBRUARY 29, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>REVENUES</b>				
Taxes and Assessments	\$ 58,000	\$ 58,000	\$ 56,594	\$ (1,406)
State Grants	33,000	33,000	37,808	4,808
Interest	3,000	3,000	1,565	(1,435)
Total Revenues	94,000	94,000	95,967	1,967
<b>EXPENDITURES</b>				
Construction	50,000	50,000	-	50,000
Street Light Utilities	20,000	20,000	20,038	(38)
Contractual Repair	1,500	1,500	225	1,275
Resurfacing	-	-	-	-
Sidewalk Installation	30,000	30,000	18,896	11,104
Miscellaneous	3,700	3,700	1,402	2,298
New Equipment	-	-	-	-
TIFA Expense	-	-	-	-
Misc Exp	-	-	-	-
<b>Routine Maintenance:</b>				
Wages	7,800	7,800	6,727	1,073
Fringes	6,000	6,000	7,274	(1,274)
Supplies, Equipment Rental, Other	9,000	9,000	10,586	(1,586)
<b>Winter Maintenance:</b>				
Wages	8,250	8,250	11,547	(3,297)
Fringes	-	-	-	-
Supplies, Equipment Rental, Other	11,000	11,000	18,478	(7,478)
Total Expenditures	147,250	147,250	95,173	52,077
Excess (Deficiency) of Revenues over Expenditures	(53,250)	(53,250)	794	54,044
Fund Balance - March 1	197,965	197,965	197,965	-
Fund Balance - February 29	\$ 144,715	\$ 144,715	\$ 198,759	\$ 54,044